How Performance Management is Killing Performance and What to Do About It



WorldatWork.

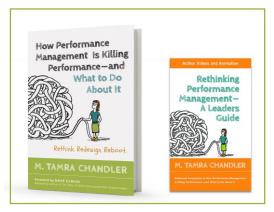
human

founder

author







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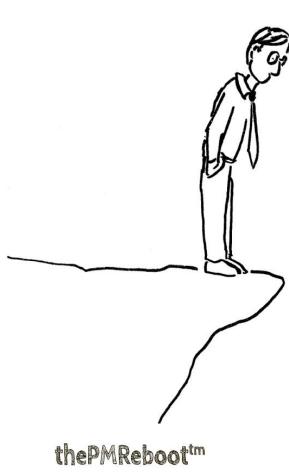


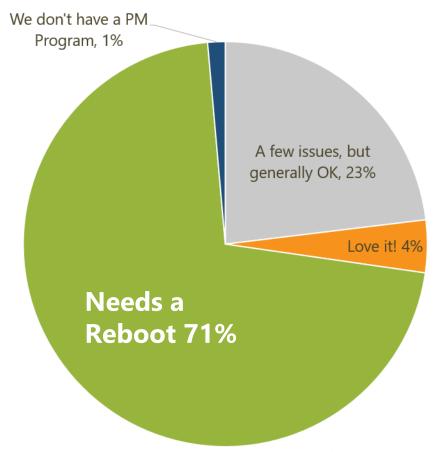




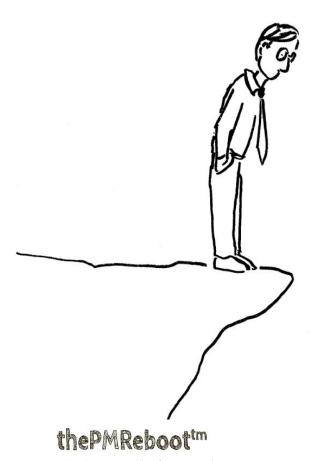


in a few years





Data collected from my speaking engagements over last 2 years



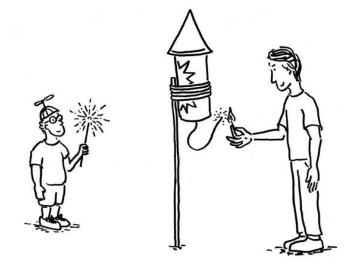
What's standing in your way?

- 1. rewards without ratings (45%)
- 2. manager trust (34%)
- 3. leaders holding on to traditional methods (28%)

What role will you play?







my goal...
help ready you to be a
PM super hero



What we know about traditional Performance Management.

2

Rethink.

Shifting our thinking about driving performance.

3

Redesign & Reboot.

Getting you started down the redesign path.

1

What we know about traditional Performance Management.

2

Rethink.

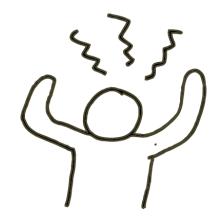
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A common approach...



and a universally hated process



stand-up if you love your Performance Management program



three common goals

	Develop People	 Individual development Coaching & mentoring Retention of top performers Leadership Development
2	Reward Equitably	Pay for contributionPromotion & advancementTotal rewards
3	Drive Organizational Performance	Goal alignmentStrategic communicationsCulture development



more than 60% of employees say performance review systems rarely or never lead to improved performance 4 out of 5 U.S. workers are dissatisfied with their job performance reviews.

only 13% of managers and employees and 6% of CEOs thought their year-end reviews were effective

46% said that annual performance reviews are not an accurate appraisal of an employee's work

fewer than 1 in 4 HR executives believe that their current PM system reflects true employee performance.





¹⁻³ Reasons Employees Hate Performance Reviews (Leadership IQ, 2012), Survey of 48,000 CEOs, Managers,

4 - Source: Sibson 2010

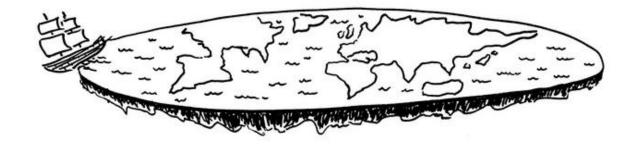


²⁻Driving Breakthrough Performance in the New Work Environment (Corp Exec Board, 2012)
3- Performance Management. Meet the Wisdom of Crowds (Globoforce, 2012)



The Eight Fatal Flaws





A theory without evidence is just a (bad) theory.

There is no evidence that traditional performance management leads to improved performance.







Nobody really opens up with the person who pokes them in the eye.

Traditional performance management impedes the the The Traditional performance management impedes the the Traditional performance management in the



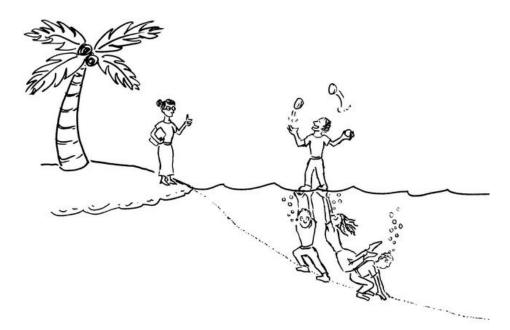


Nobody remembers the good work.

Performance reviews generally emphasize the negative, rather than focusing on strengths.





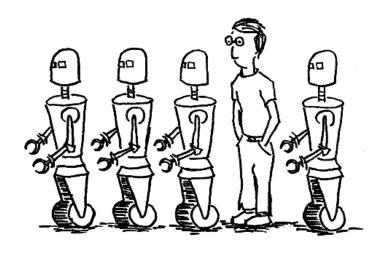


No man (or woman) is an island.

The focus is on the individual, even though system or organizational challenges often have a significant influence on individual performance.

the PMReboottm

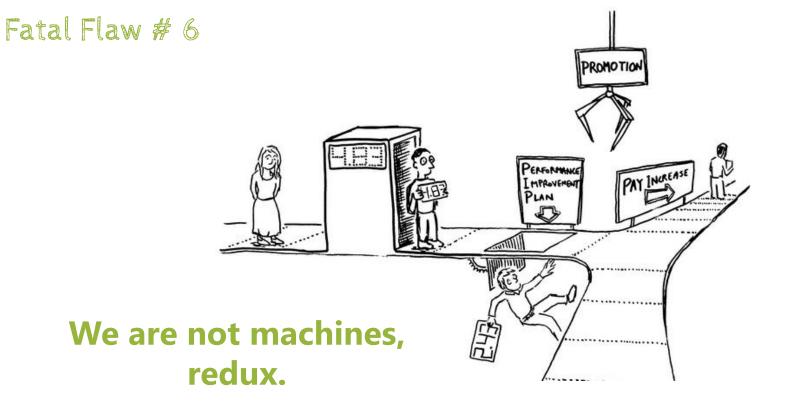




We are not machines.

Fairness and standardization in ratings and the judgment of performance simply cannot be achieved.





Review output is unreliable for making talent decisions.

thePMRebootim





Let me introduce you to your competition – now play nice!

Comparing people to one another erodes efforts to create a collaborative culture.





We are not Pavlov's dog.

Pay-for-performance does not deliver improved performance.







From his book **Out of Crisis**:

Deadly Disease #3 - Evaluation of Performance, Merit Rating, or Annual Review



"The performance appraisal nourishes short-term performance, annihilates long-term planning, builds fear, demolishes teamwork, nourishes rivalry and politics... it leaves people bitter, crushed, bruised, battered, desolate, despondent, dejected, feeling inferior, some even depressed, unfit for work for weeks after receipt of rating, unable to comprehend why they are inferior. It is unfair, as it ascribes to the people in a group differences that may be caused totally by the system that they work in."

Dr. Edwards Deming





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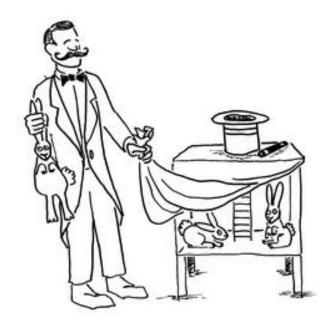




The Eight Fundamental Shifts



Fundamental Shift #1



Open the door.

Shift **from**: Need to know

Shift **to**: Transparency





Open the door!

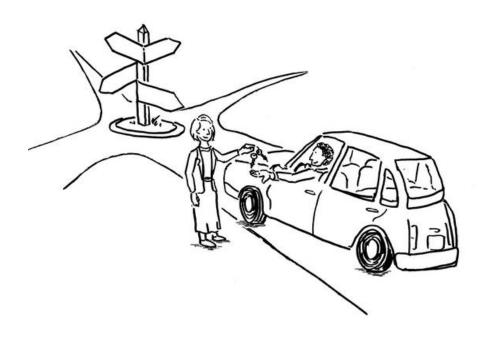
° create a culture of transparency...

from to Individual goals set with Individual and team goals shared org-wide manager Managers select people Open roles are shared org-wide movements Salary, bonus, and profit sharing Elements of salary, bonus, and with limited transparency



recognition are shared org-wide

Fundamental Shift #2



Give the steering wheel to your employees.

Shift **from**: Management-driven

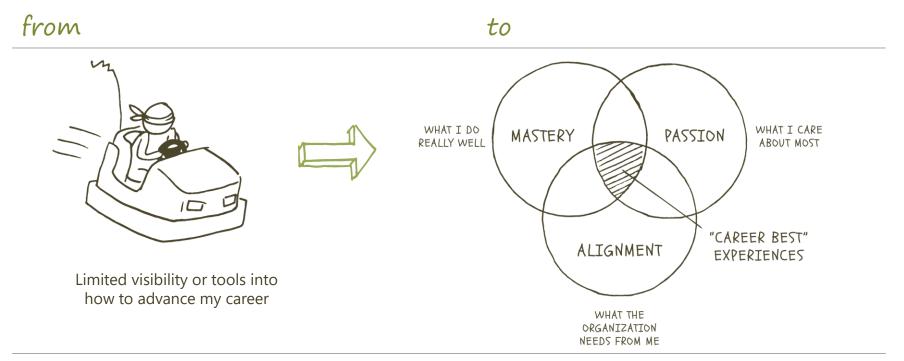
Shift to: Employee-Powered





Give the steering wheel to your employees!

° create a culture that honors employee driven development...



Fundamental Shift #3



Change your focus.

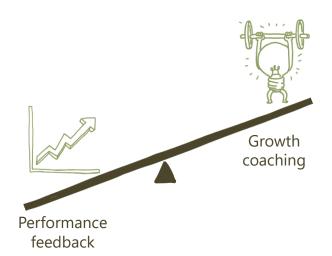
Shift **from**: Past performance Shift **to**: Future capability



Change your focus!

• create a growth mindset culture...

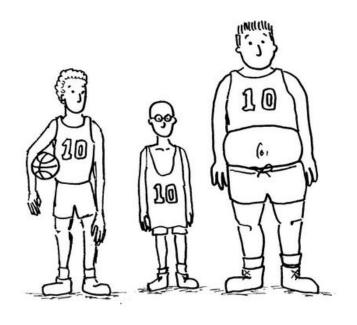
from to







Fundamental Shift #4



Abandon uniformity.

Shift from: One size fits all

Shift to: Customized and nuanced



Abandon Uniformity!

• create a culture that celebrates diversity...

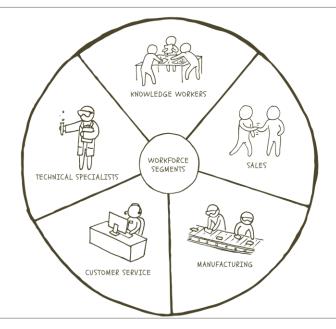
from

to



One process and toolset for all employees





Fundamental Shift #5



Welcome more voices.

Shift from: A chosen few

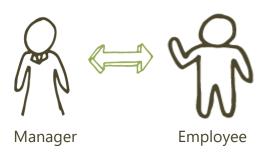
Shift to: Diverse input and rich dialogue



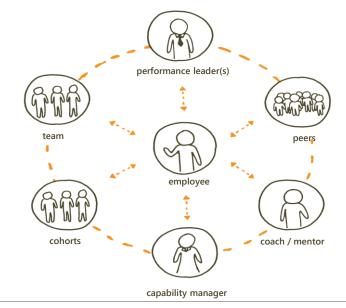
Welcome more voices!

• create a coaching culture

from to

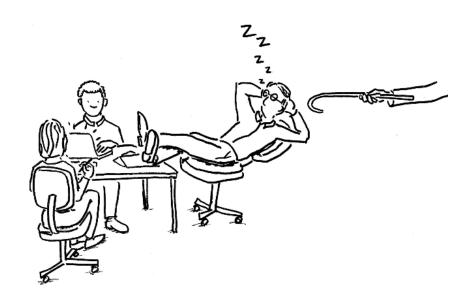








Fundamental Shift #6



Stop policing. Start empowering.

Shift **from**: Control and oversight Shift **to**: Managing by exception



Fundamental Shift #7



Incent collaboration.

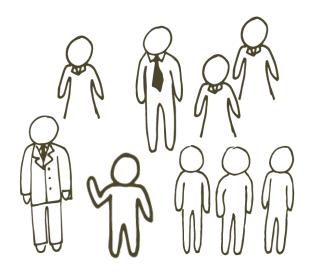
Shift **from**: Individual metrics Shift **to**: Shared commitments

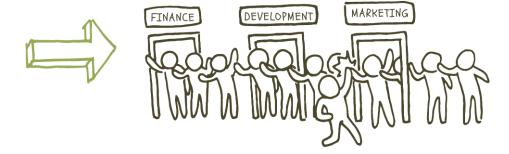


Incent collaboration!

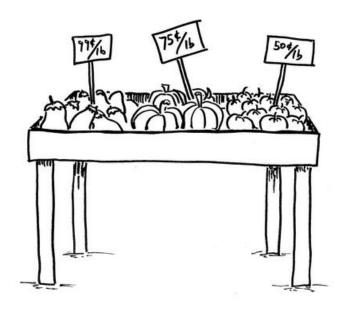
Increase your focus on teams

from to





Fundamental Shift #8



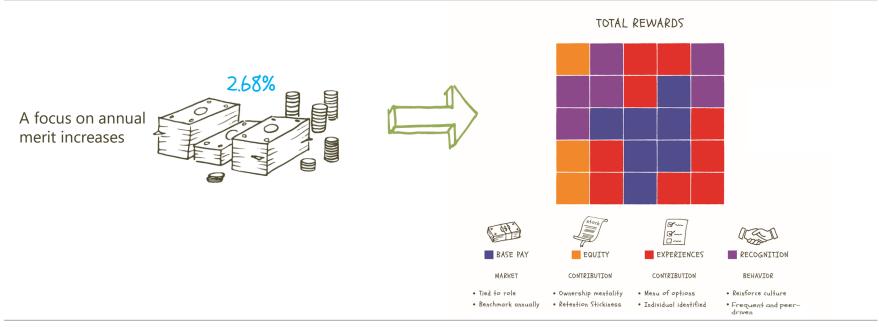
Get real with rewards.

Shift **from**: Paying for performance Shift **to**: Paying for capabilities and rewarding for contributions

Get real with rewards!

create a culture of recognition...

from to



Get real with rewards!

• A few other thoughts...



1. change your timing or rhythm to break the cycle





3. spend the time to really learn what you're people think



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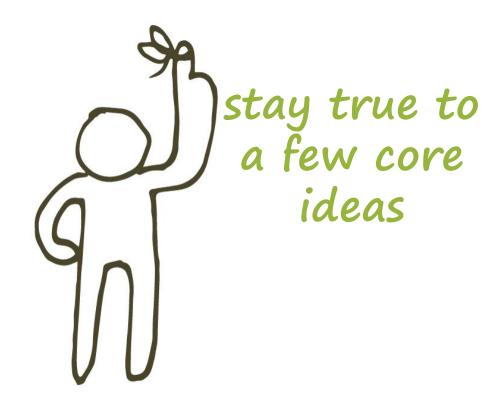
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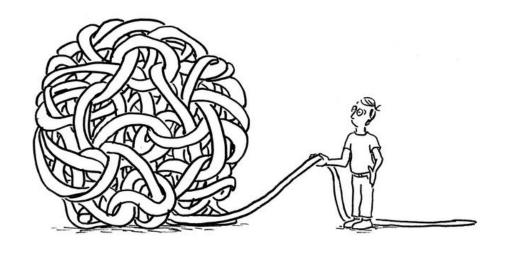








avoid the knotted solution

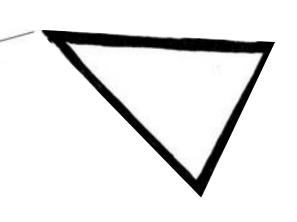








Drive Organizational Performance



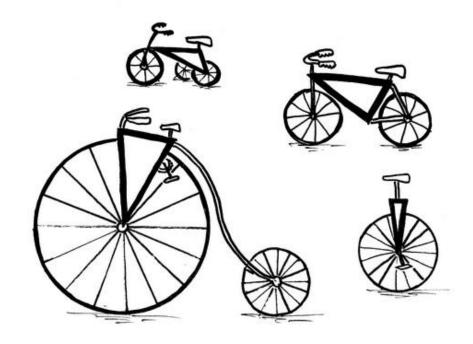
Reward Equitably







select the right frame build your custom bike







plan the journey



Mobilize

Plan, invite participants, and get started



Align on your principles of design



Configure, test, and validate your solution



Build your solution, manage dependencies



Plan the change, implement, and evaluate



Mobilize

Plan, invite participants, and get started

lead the leaders





Mobilize

Plan, invite participants, and get started

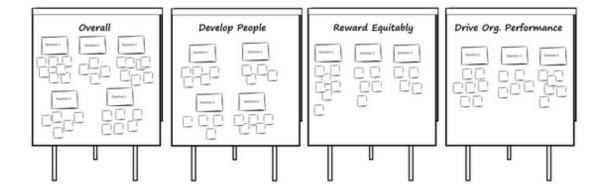
invite the right people to the conversation





Align on your principles of design

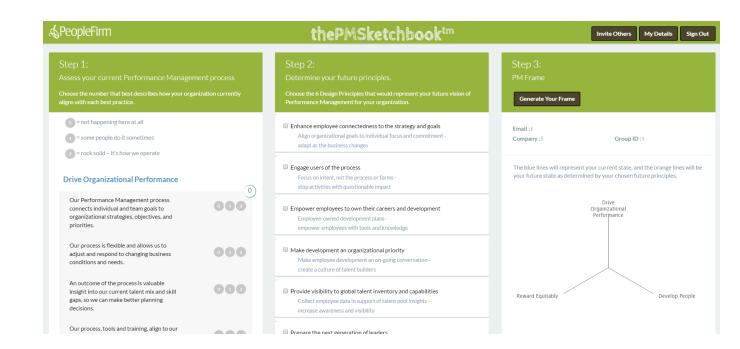
align on your design principles







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www.peoplefirm.com/sketchbook

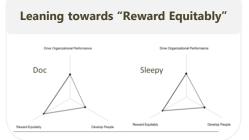




crowdsource your design priorities

	Future State Principle	Total
1	Create an environment of trust and transparency	22
	Manage a transparent process where feedback and outcomes are trusted -	
2	Make development an organizational priority	22
	$Make\ employee\ development\ an\ on\ -going\ conversation\ -create\ a\ culture\ of\ talent\ builders$	
3	Empower employees to own their careers and development	21
	Employee-owned development plans - empower employees with tools and knowledge	
4	Recognize and reward differentiated performance	20
	$Separate\ pay\ for\ capability\ from\ rewarding\ contribution-link\ rewards\ with\ delivered\ results$	
5	Prepare the next generation of leaders	18
	$Supportsuccessionplanningandleaderdevelopment\cdot Facilitatetalentmobility/resourcesharing$	
5	Provide employees clarity on expectations & opportunities	17
	Enhance understanding of organizational roles and responsibilities	
7	Drive frequent and authentic feedback	15
	Create a culture of active feedback and authentic conversations	
	Enhance employee connectedness to the strategy and goals	15

Leaning towards "Develop People" Die Operational Performance Happy Grumpy Grumpy Revert Equility Design Proper

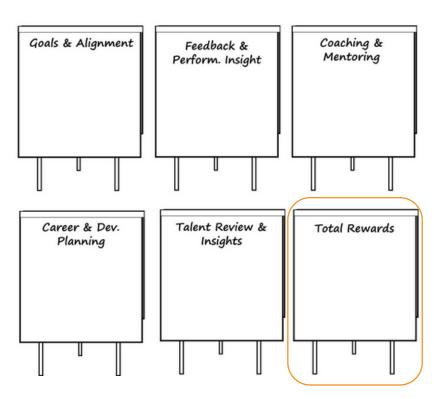








address all six categories





validate your solution

What role will you play?





final thoughts...

There is no 1 right answer

... there are some bad ones

The *best* design for you, won't be the *best* for the next guys

... good designs reflect the culture, talent, maturity & strategy of the organization

New solutions are often more simple

... getting there is rarely simple



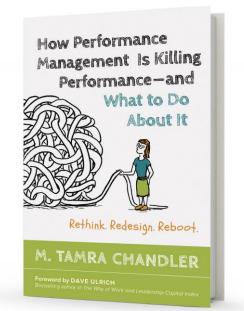


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